

Message Text

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S E C R E T KINGSTON 1003

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E.O. 11652: GDS

TAGS: PINT, EMIN, US, JM

SUBJ: BAUXITE NEGOTIATIONS SITREP 17

1. INDIVIDUAL COMPANY DISCUSSIONS WITH GOVT NEGOTIATORS CONTINUED TUESDAY NIGHT AND WEDNESDAY IN AN AMICABLE ATMOSPHERE. ON SEVERAL OCCASIONS GOVT TRIED TO BROADEN THE DISCUSSIONS TO INCLUDE ISSUES OTHER THAN THOSE CLOSELY RELATED TO REVENUES, AND ALSO TO ALTER THE ORIENTATION OF THE MEETINGS FROM DISCUSSIONS TO ACTUAL NEGOTIATIONS. INDUSTRY RESISTED BROADENING THE SCOPE OF THE DISCUSSIONS OR ENGAGING IN ACTUAL NEGOTIATIONS, POINTING OUT THAT INDUSTRY PAPER TO BE PRESENTED NEXT WEEK WOULD DEAL WITH THE FULL RANGE OF ISSUES AND HOPEFULLY WOULD FORM THE BASIS FOR NEGOTIATIONS.

2. KAISER PRESENTATION TOOK PLACE TUESDAY EVENING AND WAS FAIRLY UNEVEN DUE TO LACK OF ADEQUATE PREPARATION BY KAISER REPS. AT SOME POINTS IN DISCUSSIONS THEY APPEARED TO REVEAL MORE THAN WAS REALLY REQUIRED AND AT OTHERS WERE UNNECESSARILY RESTRICTIVE. HOWEVER OVERALL EFFECT OF DISCUSSION WAS POSITIVE. WEDNESDAY MORNING ALCAN PUT ON A SUPERB PERFORMANCE LED BY LOCAL MANAGER JACQUES GANION. ALCAN ATTITUDE WAS EXTREMELY FORTHCOMING AND COOPERATIVE AND CONVEYED A SINCERE DESIRE TO ARRIVE AT A WORKABLE SOLUTION SATISFACTORY TO BOTH PARTIES. DESPITE THE METICULOUS PREPARATION AND POSITIVE ATMOSPHERE ALCAN REMAINED WITHIN THE PARAMETER AGREED WITHIN INDUSTRY COUNCILS CONFINING DISCUSSION TO REVENUE MATTERS AND NOT ENGAGING IN ACTUAL NEGOTIATIONS. AFTER PRESENTATION CHAIRMAN ROUSSEAU COMPLIMENTED ALCAN ON ITS APPROACH

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AND INDICATED THAT SOME OF THE ITEMS IN GOVT'S MARCH 15

POSITION PAPER HAD BEEN INCLUDED EXPRESSLY TO PROTECT ALCAN'S INTERESTS. SPECIFICALLY, ROUSSEAU INDICATED THAT ALCAN WAS NOT PROTECTED BY DOUBLE TAXATION TREATY AS AMERICAN COMPANIES WERE, AND HAD BEEN TREATED UNFAIRLY IN THE PAST SINCE IT WAS THE PRINCIPAL CONTRIBUTOR TO GOVT COFFERS. HE ADDED THAT WHATEVER ARRANGEMENTS WERE ARRIVED AT WITH THE INDUSTRY AS A WHOLE THESE DISCRIMINATORY FEATURES AGAINST ALCAN MUST BE ELIMINATED.

3. BOTH SIDES APPROACHED WEDNESDAY AFTERNOON MEETING WITH REYNOLDS GINGERLY AND WITH CONSIDERABLE TREPIDATION. GIVEN REYNOLDS HARD LINE APPROACH, THE LECTURING PROCLIVITIES OF REYNOLDS COUNSEL, DEREK STONE, AND THE LONG-STANDING FEUD BETWEEN STONE AND MEYER MATALON. AS THE SESSION GOT STARTED IT WAS EVIDENT THAT BOTH SIDES WERE KEEPING THEIR HARD CHARGERS ON A SHORT LEASH. NEITHER STONE NOR MATALON SAID A GREAT DEAL AND REYNOLDS AMERICAN ATTORNEY SERVED AS THEIR SPOKESMAN. AS PREDICTED REYNOLDS WAS RESTRICTIVE AND UNFORTHCOMING IN ITS APPROACH, AND THE GOVT SCARCELY BOTHERED TO PROBE THE COMPANY'S POSITION. FROM THE SUBSTANTIVE VIEWPOINT THE SESSION WAS A NET ZERO, BUT BOTH SIDES WERE RELIEVED THAT A POSSIBLE HEAD-TO-HEAD CONFRONTATION HAD BEEN AVOIDED. WHETHER OUT OF THIS RELIEF OR BECAUSE OF ITS GENERAL SATISFACTION AT THE GENERAL COURSE OF EVENTS THUS FAR THE GOVT NEGOTIATORS TREATED INDUSTRY REPS TO COFFEE AND SANDWICHES AT THE END OF YESTERDAY AFTERNOON'S SESSION WITH REYNOLDS--THE FIRST TIME THIS HAS HAPPENED.

4. REVERE SCHEDULED TO APPEAR LAST EVENING AND ALPART THIS MORNING. NO INFORMATION AVAILABLE ON THESE MEETINGS AS YET. HEWITT

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